

**Performance Audit
Consolidating City and Police
Support Services**

January 2001

City Auditor's Office

City of Kansas City, Missouri

January 22, 2001

Honorable Mayor, Members of the City Council, and Board of Police Commissioners:

We conducted this performance audit on the feasibility of consolidating city and police support services under the authority of Chapter 84, Section 350 Revised Statutes of Missouri and Article II, Section 13 of the city charter. We identified this topic as a priority following our June 1996 preliminary review of potential audits in the Police Department. In this audit we sought to answer the following questions:

- What are the advantages and disadvantages of consolidating administrative and support services between the Police Department and the city?
- What are the potential barriers to consolidating administrative and support services between the Police Department and the city?
- How can these barriers be reduced?

This audit presents a broad overview of the issues surrounding potential consolidation of information technology, accounting and payroll, purchasing, and building maintenance functions, rather than an in-depth evaluation of each of the functions. We approached the topic in this way because there are common barriers to consolidating in each of the areas.

In this audit, we did not attempt to estimate potential savings. However, we believe that consolidating network and PC support between the city and Police Department would provide for short and long-term cost savings. Ultimate consolidation of mainframe applications and operations would provide the Police Department with expertise to migrate to new technology, avoid costly duplication of information technology infrastructure, and allow the Police Department to reallocate law enforcement supervisors.

We provide specific recommendations to address the Police Department's concerns about data security and service quality. We recommend that the city manager and chief of Police appoint a transition team to develop a performance agreement between the Board of Police Commissioners and the city for the provision of information technology services. The agreement should address differences in pay and job qualifications, define the level of service, and include mechanisms for accountability. We also recommend that the Board of Police Commissioners and City Council create a joint committee to oversee service provision.

We found that there are no legal barriers to consolidating accounting and payroll, purchasing, and building maintenance functions. However, we concluded that consolidating these functions is not presently feasible due to high resistance, especially by the Police Department, and a limited potential for savings. City and Police Department policy decisions, including differences in salary ranges and job qualifications, contribute to the limited potential for savings.

The city manager and chief of Police received a draft of this report on November 21, 2000. Their written responses are included as appendices. We appreciate the courtesy and cooperation of city and Police Department staff throughout the audit. The audit team for this project was Anatoli Douditski, Joan Pu, and Amanda Noble.

Mark Funkhouser
City Auditor

Consolidating City and Police Support Services

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Introduction

Objectives

We conducted this audit to assess the feasibility of consolidating city and police support services under the authority of Article II, Section 13 of the Charter of Kansas City, Missouri, which establishes the Office of the City Auditor and outlines the city auditor's primary duties. We also conducted the audit under the authority of Chapter 84, Section 350 Revised Statutes of Missouri, which provides that the city auditor may audit the Police Department. The statute requires the auditor to determine the agencies or divisions that would most benefit from performance auditing, to notify the Board of Police Commissioners, and to schedule work in conjunction with the board so it does not disrupt the conduct of police business or public safety. We identified this topic as a priority, following our June 1996 preliminary review of the Police Department.

A performance audit is an objective, systematic examination of evidence to independently assess the performance of a government organization, program, activity, or function. Performance auditing is intended to provide information to improve public accountability and facilitate decision-making.¹ We designed this audit to answer the following questions:

- What are the advantages and disadvantages of consolidating administrative and support services between the Police Department and the city?
- What are the potential barriers to consolidating administrative and support services between the Police Department and the city?
- How can these barriers be reduced?

Scope and Methodology

We reviewed the city and Police Department's accounting, payroll, purchasing, information technology, and building maintenance functions. This audit presents a broad overview of the issues surrounding potential

¹ Comptroller General of the United States, *Government Auditing Standards* (Washington, DC: U.S. Government Printing Office, 1994), p. 14.

consolidation of these support functions, rather than an in-depth evaluation of each of the functions. We approached the topic in this way because there are common barriers to consolidating in each of the areas and we want to stimulate a policy-level discussion about these overarching issues. We did not attempt to estimate potential savings because cost information, especially for the Police Department, is incomplete. The Police Department does not allocate employee benefits and other direct costs such as contractual services and commodities to individual elements.

We conducted this audit in accordance with generally accepted government auditing standards except the City Auditor's Office has not undergone an external quality control review within the last three years.² Our audit methods included:

- Interviewing city and Police Department staff.
- Reviewing literature regarding privatization, contracting, cooperative service agreements, and corporate mergers.
- Interviewing information technology managers in Portland, Seattle, Austin, and Oklahoma City.
- Reviewing policies and procedures, job descriptions, and other documents.
- Comparing computer systems and descriptions of work processes.
- Compiling workload and performance data.
- Analyzing Police Department and city payments made between January 1 and April 30, 2000.

No information was omitted from this report because it was deemed privileged or confidential.

Background

Legislative Authority

The Kansas City Police Department is not a city department, but is a state agency under the exclusive control of the Board of Police

² The last review was in April 1995. An external review is scheduled for March 2001.

Commissioners.³ State law grants the Board the duty to determine the policy for operating a police force for Kansas City and broad authority to “perform such other duties and exercise such other powers...as shall further the efficient and economical operation of the police department.”⁴ The Police Department is obligated to enforce city ordinances, but the city may not dictate how the department chooses to accomplish that duty.

The city must provide at least 20 percent of its general fund to the Police Department, and must provide the department "with an office and office furniture as they may need."⁵ The city is prohibited from paying for any police force other than the force controlled by the Board of Police Commissioners.⁶

Police Department Organizational Structure

The governor appoints members to the Board of Police Commissioners. Members serve for four years, and until their successors are appointed and qualified. The Board is responsible for hiring the chief of Police. The Police Department’s fiscal year 2001 budget is about \$124 million. Most of the department’s funding is from the city’s general fund. The department is authorized 1,972 staff – 1,310 law enforcement and 662 civilians. (See Exhibit 1).

Exhibit 1. Police Department Funding and Staffing by Fund, FY 2001

Fund	Expenditures	Authorized Positions	
		Law Enforcement	Civilian
City General Fund	\$0	0	0
Drug Enforcement	2,170,484	27	8
Police Grants	7,365,839	26	71
Other City Funds	1,845,095	0	0
Special Revenue Funds	1,174,596	0	0
Expendable Trust	71,700	0	0
Self-insurance	300,000	0	0
Total	\$124,347,690	1,310	662

Source: Police Department Appropriated Budget, Fiscal Year 2001.

³ Section 84.460, RSMo; *Fantasma v. Kansas City, Missouri, Board of Police Commissioners*, 913 S.W.2d 388 (Mo.App.W.D. 1996); and *St. Louis Police Officer's Association v. Board of Police Commissioners*, 846 S.W.2d 732 (Mo.App.E.D. 1992).

⁴ Section 84.420.2 (10), RSMo.

⁵ Section 84.730 and Section 84.450, RSMo. Under the law, “general fund” is defined more broadly than the city’s general fund to include funds earmarked for specific purposes when the fund was not established pursuant to state law.

⁶ Section 84.770, RSMo.

The Police Department is organized into four Bureaus: Executive Services, Administration, Patrol, and Investigation. Each bureau is headed by a deputy chief who answers to the chief. The financial services unit, which includes accounting, payroll, and purchasing, is under the Executive Services Bureau. The computer services and building operations units are under the Administration Bureau.

Accounting and Payroll Section. This section is responsible for processing all financial accounting transactions for the Police Department. The section also monitors grants and administers asset forfeiture. The accounting and payroll section has 14 positions in fiscal year 2001, including 2 sworn officers who are responsible for asset forfeiture cases.

Purchasing Section. This section is responsible for procuring equipment, materials, supplies, insurance, and contractual services. The section also tests and evaluates new equipment and maintains the department's inventory of fixed assets. The purchasing section has 7 positions in fiscal year 2001, including 3 sworn officers who research specialized equipment and maintain the fixed asset inventory.

Computer Services Unit. The Computer Services Unit maintains the department's ALERT II system. ALERT provides criminal justice information, computer-aided dispatch, case report number tracking, personnel/timekeeping/payroll, and other information for the department and other law enforcement agencies and private security firms. ALERT interfaces with state and federal law enforcement systems. ALERT operation is partially supported by fee revenue – users pay an annual fee and a fee for each transaction. The unit also includes the Personal Computer Support Section responsible for acquiring and maintaining the department's PCs and providing training. The computer services unit has 36 positions in fiscal year 2001, including 1 sworn officer, a captain who commands the unit.

Building Operations Unit. Building Operations is responsible for mechanical maintenance, housekeeping, and grounds maintenance of 25 police facilities. The building operations unit has 49 positions in fiscal year 2001 – all are civilian positions.

City Organizational Structure

The mayor and 12 councilmembers govern Kansas City. The mayor and council members are elected to serve four-year terms. The city charter limits members to two consecutive terms. The mayor and Council appoint the city manager, the city's chief administrative officer. The

mayor and council also appoint the city clerk and city auditor. Under the City Charter, the mayor appoints the Board of Parks and Recreation Commissioners, which appoints the director of Parks and Recreation. The city manager appoints the remaining 17 department heads.

The city's budget for fiscal year 2001 is about \$884 million. The city is authorized about 5,000 full time equivalent positions. (See Exhibit 2.)

Exhibit 2. City Funding and Authorized Staff by Department, FY 2001

Department	Budget	Authorized Positions
Water Services	\$124,865,447	987.5
Public Works	109,483,776	399.9
Aviation	106,521,903	505.1
Fire	60,546,926	859.5
Parks and Recreation	52,319,597	735.4
Neighborhood & Community Services	23,691,991	274.4
Convention and Entertainment Centers	21,671,975	223
Housing and Community Development	16,185,257	44
Environmental Management	14,631,091	116
Health	12,519,621	186.9
City Development	12,400,839	70.2
Information Technology	11,117,916	76
Finance	9,452,262	148
Codes Administration	5,951,141	103
Office of the City Manager	5,798,485	54
Municipal Court	5,204,499	85.3
Offices of Mayor and City Council	2,646,029	21
Law	2,606,992	29.5
Human Resources	2,138,408	36
City Auditor and City Clerk	1,754,766	27
Human Relations	1,354,401	24
Subtotal Department	\$602,863,32	5,005.7
	2.00	
Police	122,801,394	--
Health and Medical Care	35,759,865	--
Public Transportation	30,007,634	--
Convention and Tourism	8,825,000	--
Board of Elections	2,117,398	--
Museum	1,111,987	--
Subtotal Pass-Through Payments	\$-	--
	1,004,183,026	
Debt Service	60,010,550	--
Contingent Appropriation	20,044,686	--
Total Expenditures and City FTE	\$883,541,836	5,005.7

Source: Adopted Budget FY 2001.

The city's accounting, payroll, and purchasing functions are under the Finance Department. Building maintenance is under the Public Works Department. Information Technology is a separate department.

Accounts Division. The Finance Department's Accounts Division is responsible for monitoring financial transactions, preparing payroll warrants, and processing revenue transactions. The division is authorized 30 positions in fiscal year 2001 and budgeted about \$1.8 million.

Purchases and Supplies Division. The Finance Department's Purchases and Supplies Division is responsible for procuring services, supplies, materials, and equipment for city departments. The division is authorized 10 positions in fiscal year 2001 and budgeted about \$0.5 million.

Public Building Maintenance and Operations. Public Works' building maintenance division is responsible for the design, construction, maintenance, and operation of municipal buildings. The division, headed by the city architect, is authorized 66 positions and budgeted about \$6.5 million in fiscal year 2001.

Information Technology Department. The Information Technology Department (ITD) is responsible for city telecommunications, network and mainframe applications, including Water, Fire, and Health Department applications; and financial management, revenue, payroll, and other systems. The department also operates a help desk and provides computer training. The department is authorized 76 positions in fiscal year 2001 and budgeted about \$11 million.

What We Mean by "Consolidation"

By consolidation we mean that the city would provide services to the Police Department. Consolidation of support services would be achieved through a contract or cooperative agreement. The extent of the service to be provided would need to be defined in a contract or agreement.

State statutes provide for two types of agreements. First, the law specifically states that the Police Department may contract with the city for purchasing, building maintenance, and auditing services.⁷

The second type of agreement is not particular to just the Police Department, but allows any municipality or political subdivision of Missouri, to enter into a cooperative agreement with any other

⁷ Section 84.850, RSMo.

municipality or political subdivision of Missouri or any other state; with an agency of the United States, Missouri, or any other state; or with any private person, firm, association, or corporation. The purpose of the intergovernmental agreement must be for “planning, construction, acquisition or operation of any public improvement or facility, or for a common service.”⁸

Red Flag Commission Recommended Greater Cooperation

In 1997 the Red Flag Commission⁹ recommended the city and Police Department develop a cooperative agreement to establish more uniformity and control of expenditures and to maximize efficiencies in the use of city funds. Following the Red Flag Commission report, the city hired a consultant to develop an agreement. Phase I of the project, completed in April 1999, drafted a plan to identify scope of services to be coordinated. The city and Police Department selected four areas for the cooperative agreement: towing and tow lot; environmental audit; Municipal Court/prosecution; and violent death/injuries involving children.

Research Identifies Both Advantages and Disadvantages of Consolidation

We reviewed literature dealing with consolidation, privatization, contracting, service agreements, and mergers and acquisitions. Cost savings and eliminating duplication were the primary advantages cited in the literature for these changes in service provision. Other advantages include increased accountability, better targeting of funds, and avoiding high start-up costs for specialized facilities, equipment, or personnel. Disadvantages include loss of service quality, impact on employees, friction between participating jurisdictions, and underestimating the time and resources required to manage the transition.

⁸ Section 70.220, RSMo.

⁹ The Red Flag Commission was established by Mayor Emanuel Cleaver II in response to public corruption prosecutions involving elected city officials. The mayor asked the group of seven business and community leaders to examine the “processes, procedures, and monitoring of contracts at City Hall.” The resulting report made recommendations directed at improving contracting procedures, promoting open ethical government, and defining the proper relationship between the City Council and city staff.

Findings and Recommendations

Summary

Information technology, beginning with network installation and maintenance and PC support, shows the most potential for consolidation of the support services we reviewed. Consolidating network and PC support between the city and Police Department would provide for short- and long-term cost savings, have a relatively limited impact on employees, and would provide a low-risk opportunity to improve communication and build trust between the two entities.

Ultimately, consolidating mainframe applications and operations would provide the Police Department with expertise to migrate to new technology, avoid costly duplication of Information Technology infrastructure, and allow the Police Department to reallocate law enforcement supervisors.

We provide specific recommendations to address the Police Department's concerns about data security and service quality. The city manager and chief of Police should appoint a transition team to develop a performance agreement between the Board of Police Commissioners and the city for the provision of information technology services. The agreement should address differences in pay and job qualifications, should define the level of service, and include mechanisms for accountability. We also recommend that the Board of Police Commissioners and City Council create a joint committee to oversee service provision.

Although there are no legal barriers to consolidating accounting and payroll, purchasing, and building maintenance functions, we concluded that consolidating these functions is not presently feasible due to high resistance, especially by the Police Department, and a limited potential for savings. City and Police Department policy decisions, including differences in salary ranges and job qualifications, contribute to the limited potential for savings.

City and Police Department Should Share Expensive Information Technology Resources

The city and Police Department have an opportunity to share expensive information technology resources. The Police Department could use the city's expertise and avoid costs associated with building and maintaining its own computer network. Both the city and Police Department plan significant future investment in technology. Sharing these costs would put both entities in a better position to keep up with rapidly changing technology and reduce overall costs to taxpayers.

We offer specific recommendations to address the Police Department's concerns about legal barriers, data security, maintaining confidentiality of crime-related data, and maintaining service quality. The project should start by establishing a transition team to develop a performance agreement between the Board of Police Commissioners and the city for the provision of Information Technology services. The agreement should address differences in pay and job qualifications, define the level of service, and accountability. We recommend that the Board of Police Commissioners and City Council create a joint committee to oversee performance measurement of the joint service provided.

Beginning with an agreement for the city to provide network installation, maintenance and PC support as a pilot project would provide a low risk opportunity for the city and Police Department to improve communication and build trust, laying the groundwork for more cooperation in the future.

Consolidation Would More Efficiently Use Information Technology Expertise and Infrastructure

Sharing costs of specialized personnel and equipment is one of the advantages of consolidation. The city's director of ITD is an experienced Information Technology professional. The city has already implemented a wide-area network using more advanced technology than that currently in use in the Police Department. In addition, the city has some excess capacity in information technology infrastructure, which can be used to accommodate the Police Department's needs.

Consolidating information technology, starting with the network and ultimately consolidating mainframe applications and operations, would provide the Police Department with expertise to migrate to new technology, avoid costly duplication of IT infrastructure, and allow the Police Department to reallocate law enforcement supervisors.

IT Offers Opportunities for Short-term and Long-term Savings

Consolidating IT functions between the city and the Police Department offers opportunities for both short-term and long-term savings. In the short term, consolidation of client server networks will provide immediate savings by avoiding the costs of filling new positions and remodeling. In the long term, consolidation would allow the city and Police Department to pool resources for future developments in network technology. Both the city and Police Department are separately planning significant future investments in technology. Coordination and eventual consolidation of investments will provide the city and the Police Department with savings that can be directed toward other law enforcement needs.

Duplication is costly. The Police Department is currently installing a client server network to provide the department with e-mail, networking, Internet access, and other on-line processing capabilities. The Police Department has added three positions for network installation and administration and is considering remodeling the communications building to make space for additional staff. The city has already implemented a client server network that provides networking, e-mail, and Internet access to all city departments. Network consolidation would allow the Police Department to use the city's advanced IT infrastructure and benefit from future city investment in information technology. Presently the city has some excess capacity in IT infrastructure that can accommodate the Police Department's needs. Consolidating networks will provide immediate savings by avoiding the costs associated with filling the new positions and remodeling.

Information Technology consolidation offers prospects for long-term savings. The Police Department and the city each have separate plans for significant future investments in technology. The city plans to acquire an Enterprise Resource Planning (ERP) system. This is an integrated modular application for enterprise solutions in Finance, Human Resources and Payroll, Work Requests, Fleet Management, and Asset Management. The Police Department's plans include a conversion to TCP/IP protocol, on-line library, department web page, on-line processing of bond information, crime mapping, and automated fingerprinting and scanning. Although the Police Department and the city plan to cooperate in the introduction of e-government applications and a computer lease program, long term planning and investing in both entities is done separately.

Consolidating IT infrastructure will potentially result in significant future savings by avoiding duplication and achieving economy of scale in the operation and maintenance of the consolidated IT infrastructure.

Barriers to Consolidation Can Be Addressed

The Police Department's concerns about consolidation can be addressed. A cooperative agreement between the city and the Police Department is legal. Concerns about security and confidentiality of crime related data can be addressed by restricting access, requiring background checks on IT personnel authorized to work with the Police Department's data, and strictly adhering to network security procedures. Defining minimum service levels and accountability mechanisms in a performance contract can address concerns about service quality and department control. We recommend the city manager and chief of police appoint a transition team to address differences in position qualifications and salaries.

There are no legal barriers to consolidated service. Section 70.220 of the Revised Statutes of Missouri allows the Board of Police Commissioners and City Council to enter into an intergovernmental cooperative agreement to provide a common service. A city ordinance and a resolution of the Police Board are required to establish an intergovernmental agreement. The agreement must be filed with the Missouri Secretary of State, the Jackson County Director of Records, and the Recorder of Deeds of Cass County, Clay County, and Platte County. Furthermore, it is possible to establish a joint committee of the city and Police Board to manage the activities of an intergovernmental cooperative agreement, although that is not required.

Technology and oversight can address security concerns. The Police Department is concerned about network security and confidentiality of crime related data. Our interviews with IT managers in Austin, Portland, and Oklahoma City show that in other cities confidential police data are located on city equipment and are serviced by city IT personnel. Technology and network security procedures provide network administrators with the means to ensure the security of confidential data on a network shared by many users. Access to sensitive areas should be restricted, and IT personnel should undergo background checks before being authorized to work with sensitive data.

Performance contracting can address service quality and accountability. Performance contracting can address concerns about service quality and department control. Performance contracts are a method to improve service, control costs, and increase accountability. A performance contract defines minimum service levels and penalties for

failure to meet these levels. To address service quality concerns the city manager and chief of police should develop a detailed performance contract to define service levels, how service will be measured, and penalties for not meeting these levels. The contract should require that the director of Information Technology regularly report performance to a joint committee of the City Council and Board of Police Commissioners.

Salaries and benefits should not be affected. The impact on Police Department employees' salaries and benefits can be addressed by beginning with network and PC support as a pilot program. The Police Department's network section is small. Consolidating this service would affect few staff members whose salary and benefits should not be negatively affected by consolidation.

Experience of other municipalities shows that differences in salaries and benefits can be resolved. When Wyandotte County and Kansas City, KS, consolidated, compensation issues were addressed by combining parts of both compensation systems. Employees with lower salaries and benefits received pay raises to equalize their compensation with employees in similar positions. San Diego County, CA, protected employee salaries when it contracted for IT services by preserving the total employee compensation package equal to at least the current employee compensation plus a thirty-percent increase.

For most IT positions, the city's minimum requirements and midpoint of the pay range are higher than in the Police Department. (See Appendix A, Exhibit 4, for qualifications and compensation for city and Police Department network positions.) We recommend that the city manager and chief of police appoint a planning team to address differences in position qualifications and salary ranges.

Communication should be improved. Our interviews with city and Police Department management revealed mistrust and negative perceptions about each other's operations. At the same time, managers on both sides of the street told us they are not aware of each other's goals, activities, and operation results. More communication is needed to counter mistrust and negative perceptions. One possibility to achieve better communication and develop trust is to include Police Department representatives in the Kansas City Government Optimization initiative.¹⁰

Successfully piloting a cooperative agreement could also improve communication. Beginning with an agreement for the city to provide

¹⁰ The Kansas City GO initiative is an effort to improve the competitiveness and efficiency of city operations by means of a critical assessment of departmental operations, regulatory and policy environment, and subsequent application of best business and public sector practices.

network installation, maintenance and PC support as a pilot project would provide a low risk opportunity for the city and Police Department to improve communication and build trust, laying the groundwork for more cooperation in the future.

Consolidating Other Support Services Is Not Currently Feasible

We also assessed the feasibility of consolidating the city's and Police Department's accounting and payroll, purchasing, and building maintenance functions. Although there are no legal barriers to consolidation, we concluded that consolidating these functions is not feasible at this time due to high resistance, especially by the Police Department, and a more limited potential for savings. City and Police Department policy decisions, including differences in salary ranges and job qualifications, contribute to the limited potential for savings.

Resistance Is High

High resistance and mistrust, especially by the Police Department, make consolidating building maintenance, accounting, payroll, and purchasing services with the city infeasible. The Police Department strongly opposes consolidating these services. While city program managers think that some efficiency could be gained through consolidation, Police Department managers are concerned about loss of control over expenditures and reduction in service quality. Lack of information and knowledge of each other's operations and performance contributes to mistrust between the two entities.

The Police Department opposes consolidating the accounting, payroll, and purchasing functions. Program managers and staff in the Police Department are opposed to consolidating accounting, payroll, and purchasing though they are interested in sharing software or interfacing with the city's payroll or accounting systems. One concern is that the Police Department would not comply with the state law after consolidation. However, under state statute, the Board is specifically allowed to enter into an agreement with the city for purchasing, building maintenance and auditing.¹¹ The Police Department's other concerns are related to unfamiliarity with city operations, a perceived lack of accountability, and fear of reduction in service quality and loss of control over expenditures.

¹¹ Section 84.850.

City staff does not oppose consolidating accounting or purchasing.

Program managers in the city's accounts and purchasing divisions do not see disadvantages to consolidation, but expressed concern about resistance by the Police Department. The city program managers believe consolidating these functions could reduce duplicated efforts, but were unable to provide examples.

Both city and Police Department program managers resist consolidating building maintenance functions. The city's manager of building maintenance does not think the city has the capacity for consolidating building maintenance services. The Police Department also perceives that the city could not provide services without reducing quality. The Police Department is also concerned about security. The department hires its own cleaning crews, subject to background checks, while the city contracts the janitorial services. Neither manager believes city's maintenance personnel understand the Police Department's maintenance needs.

Lack of knowledge of each other's operations contributes to mistrust. While managers in the city and Police Department expressed opinions about the feasibility of consolidating financial functions, they have little knowledge of each other's operations and performance. Neither entity routinely tracks turnaround time or other performance measures that would allow comparing performance. Also, managers from the city's accounting and payroll areas told us there is not much communication between the city and Police Department.

Potential Savings Are Limited

Policy decisions made by both the city and the Police Department limit potential savings: the city's decentralized financial functions limit potential savings in accounting and purchasing; and the Police Department's requirement of around-the-clock availability for building maintenance limits the potential for savings in this area. Differences in salary ranges and job qualifications also create difficulty in consolidating these functions, especially accounting and purchasing, where city employees have higher minimum qualifications but lower pay.

Decentralization limits potential savings. The city's accounting function is decentralized. Individual city departments enter transactions into the computerized financial system, approve payments, retain payment documentation, such as invoices and receiving reports, and receive goods. Therefore, if consolidated, the Police Department's accounting section would still perform many of the same functions as it does currently.

The city's Accounts Division currently duplicates the data entry effort with the Police Department. One of city's clerical staff manually enters police data into the city's financial management system. Consolidation would eliminate this direct duplication and save time; however, the monetary savings would only amount to about one full-time equivalent position.

The Police Department has centralized authority over purchases. The purchasing section supervisor authorizes purchases of \$100 or less. Purchases over \$100 are authorized by the financial service unit commander, fiscal division commander, executive services bureau commander or the Board of Police Commissioners.

The city's authorization over purchases is less centralized. City departments process requisitions and department heads authorize purchases. Our analysis of payments between January 1 and April 30, 2000, showed that 37 percent of the transactions (excluding those with blank appropriation unit and organization codes) are "direct payments" that do not go through the city's centralized purchasing division.

City has limited capacity in purchasing. Compared to the Police Department, the city has fewer purchasing staff relative to total employees. The city's purchasing manager does not think the city can provide consolidated services at the current staff level. The city has one assistant purchasing agent and seven buyers at the purchasing section. The purchasing manager estimates that one third of their workload is for the Water and Aviation departments. The Police Department has five purchasing staff. Exhibit 3 compares ratios of the city's and Police Department's buyers and purchasing agents to total employees, and to budgeted expenditures on commodities and contractual services.

Exhibit 3. Comparison of Purchasing Function Staff to Employees and Budgeted Expenditures on Commodities and Contractual Services

Ratio of Purchasing Function Staff to:	City	Police Department
Total Authorized Positions	1:626 positions	1:394 positions
Budgeted Expenditures	1:\$29 million	1:\$4 million

Sources: Adopted Budget Fiscal Year 2001 and Police Department Appropriated Budget Fiscal Year 2001.

Lack of consistent performance reporting makes it difficult to measure current service quality or potential savings. Neither the city nor the Police Department has performance measures for their purchasing units. The turnover at the city's commissioner of purchasing position has been high in recent years. The current commissioner has been in this position for less than a year. Current efforts to improve the city's purchasing

processes could increase the city's capacity to provide services in the future.

Higher service requirements for building maintenance limit potential savings. The Police Department wants around-the-clock availability of building maintenance. Current service levels could be affected with current resources if consolidated. The cost to maintain this level of service could be more than potential savings.

The city's building maintenance manager said the city does not have resources or expertise to maintain police facilities. The city does not have staff on duty 24 hours a day and 7 days a week while the Police Department requires around-the-clock availability for building operation and maintenance. In addition, the building operations units in the city and the Police Department are responsible for different types of services. The city's building maintenance division is primarily responsible for non-routine repairs in city buildings and daily routine maintenance in several city buildings or facilities, including City Hall. The city contracts with vendors for most janitorial services.

The Police Department's building operations unit is responsible for day-to-day maintenance and janitorial services of police facilities including parking lots and grounds, eight radio tower sites, and seven CAN centers; control and operation of the department's motor pool; and security and safety in the headquarters and communications buildings. The unit requests city assistance if repairs cannot be performed in-house. However, the city does not have enough resources to respond to all requests, and the manager sometimes has to schedule services in advance.

Salary disparities also limit potential savings. Large differences in minimum qualifications and pay ranges for equivalent positions in accounting, payroll, and purchasing sections of the city and the Police Department also contribute to the unfeasibility of consolidation and limited potential savings. The accounting, payroll, and purchasing positions in the Police Department have lower qualification requirements than the city's equivalent positions. However, the midpoints of their pay ranges are higher than their city counterparts' who have similar minimum qualification requirements. (See Appendix A, Exhibit 5, for qualifications and compensation for city and Police Department accounting and payroll positions and Exhibit 6 for purchasing positions.)

These differences in qualifications and pay ranges make it more difficult to consolidate services without displacing employees.

There are differences in pay ranges and job qualification for building maintenance personnel, as well. However, most positions are not comparable, since the units are responsible for different types of maintenance. The city has 5 maintenance electricians and 9 mechanics on staff, but the Police Department does not have any. The city does not have any custodian workers, but the Police Department has 35. The city's line managers and supervisors have higher pay ranges than their counterparts at the Police Department. In all other positions, the Police Department's employees have higher midpoint salaries than city employees. The city requires more experience for building maintenance manager positions than their counterparts at the Police Department. (See Appendix A, Exhibit 7, for qualifications and compensation for city and Police Department building maintenance positions.)

The city's Enterprise Resource Planning system would include payroll. The city is planning to purchase an Enterprise Resource Planning (ERP) system, which would include a new payroll module. Consolidating payroll services is not advisable at present before the city addresses its need. Maintaining one payroll system could become feasible in the future with the introduction of ERP.

Recommendations

1. The city manager and the chief of Police should prepare a cooperative agreement for the city to provide the Police Department with network and PC support services. The agreement should:
 - start with the consolidation of client/server network and PC support as a pilot project;
 - have provisions for the protection of confidential and sensitive data;
 - address differences in position requirements and compensation;
 - specify minimum service levels and accountability mechanisms;
 - specify reporting requirements;
 - and provide for the creation of a joint Board of Police Commissioners and City Council committee to oversee Information Technology service delivery.
2. The city manager and the chief of Police should submit the cooperative agreement for consideration by the City Council and the Board of Police Commissioners.

3. If the agreement is approved, the city manager and chief of Police should ensure that legal requirements are fulfilled. The agreement must be filed with the Missouri Secretary of State, the Jackson County Director of Records, and the Recorder of Deeds of Cass County, Clay County, and Platte County.

Appendix A

Qualifications and Compensation for Selected City and Police Department Positions

Exhibit 4. Minimum Qualifications for IT Positions and Midpoints of Pay Ranges

Kansas City			Police Department		
Position	Minimum Qualifications	Pay Range Midpoint	Position	Minimum Qualifications	Pay Range Midpoint
Director	Bachelor's degree + 6 yr. exp. in IT supervision or management or equivalent combination of education and exp.	\$8,694	Captain	Bachelor's + 3 yr. as a Sergeant.	\$5,198
Assistant Director	Bachelor's degree + 8 yr. exp. in EDP programming and systems analysis incl. 2 yr. exp. as Systems Analyst.	\$5,313			
Operations Supervisor	HS Diploma + college course work in programming or data processing + 5 yr. exp. incl. 2 yr. Supervisory exp.	\$4,082	Supervisor Computer Operations	Bachelor's degree + 5 yr. exp. In computer operations as a lead operator or senior computer operator + knowledge of computer equipment and peripheral equipment operations, limitations, capabilities, uses, and service requirements. Clerical test and PAT.	\$5,043
Senior Systems Analyst	Bachelor's degree + 3 yr. exp. or 7 yr.' combination of education and exp.	\$4,538	Supervisor, Computer Programming	Bachelor's degree + 3 yr. exp. In computer operations, programming, and systems analysis. Exp. With COBOL, IMS, MFS, TELON, CASE, and advanced systems analysis preferred.	\$5,043
			Project Coordinator	HS Diploma + 5 yr. exp. in mainframe programming. Knowledge of COBOL, IMS, MFS, TELON, system analysis, utilities, and case tools preferred. Programmer Aptitude Test (PAT).	\$4,662
			Supervisor, Computer Systems	Bachelor's degree and 5 yr. exp. In programming and computer operations. PAT.	\$5,043

Information Enterprise Network Administrator	Bachelor's degree + 4 yr. exp. along with. 2 yr. programming exp. or equivalent combination.	\$4,538	Network Administrator	Bachelor's degree + 2 yr. exp. In systems analysis and design incl. 1 yr. exp. in programming. Knowledge of WAN routing protocols, CNE certification preferred. Good communication skills, MO driver's license.	\$4,310
IT Network Manager	Bachelor's degree + 6 yr. exp. of mgmt of medium sized mainframe or networked minicomputers incl. 4 yr. supervisory exp. in IT.	\$5,313	Network Manager	Bachelor's degree (computer science) + 4 yr. exp. In systems analysis and design incl. 2 yr. exp. in programming. Knowledge of organizational analysis, record management, office procedures, effective communication, MO driver's license.	\$4,662
Programmer Analyst	Bachelor's degree + 1 yr. exp. or equivalent combination.	\$4,082	Programmer Analyst	HS Diploma + 2 yr. exp. in programming. Knowledge of COBOL, IMS, MFS, TELON, SPSS, Synesort, UT5409-OS, and JCL. Clerical test and PAT.	\$4,310
			Programmer I	HS Diploma. COBOL training preferred. Spelling and grammar skills. Clerical test and PAT.	\$2,907
Programmer	2 yr. college program with a degree in computer science + 1 yr. exp. or equivalent combination of education and exp.	\$3,446	Programmer II	HS Diploma + 1 yr. exp. in programming. Course work in COBOL-OS, JCL, IMS, TELON preferred. Accurate spelling and grammar. Clerical test and PAT.	\$3,403
Software Analyst	Bachelor's degree + 2 yr. of exp. in data processing or equivalent combination.	\$4,538	Software Analyst	HS Diploma + technical data processing training + 3-5 yr. exp. In programming. Experience with MVS incl. JES2, IMS incl. DB incl. DC, TSO incl. ISPF, DB2, VTAM, NCP, Netview, Assembler preferred. PAT.	\$4,662

Systems Analyst	Bachelor's degree + 2 yr. exp. or 6yrs combination of education and exp.	\$4,538	Systems Analyst	HS Diploma + 2-5 yr. exp. in programming and data processing. Exp. With COBOL, IMS incl. DB incl. DC, DB2, IMS Data Dictionary, TELON, and CASE tool training preferred. PAT.	\$4,310
Computer Operator	HS Diploma + computer equipment operation courses + 6 mo. exp.	\$2,378	Computer Operator I	HS Diploma + 6-9 mo. exp. in data processing + spelling and grammar skills. Clerical test and PAT.	\$2,121
Computer Operator Production Analyst	HS Diploma + courses in computer equipment + 3 yr. exp. Incl. 2 yr. exp. as Computer Operator.	\$3,046	Computer Operator II	HS Diploma + 9-12 mo. exp. in computer equipment operations. Exp. As Computer Operator I preferred.	\$2,483
			Senior Computer Operator	HS Diploma, 1-3 yr. exp. as Computer Operator II. Clerical test and PAT.	\$3,145
Desktop Support Technician	HS Diploma + 5 yr. exp. incl. 3 yr. exp. with word processing or data processing incl. 1 yr. with IT or equivalent combination of education and exp.	\$3,446	Lead Operator, Computer Operations	HS Diploma + 3-5 yr. exp. in computer operations and/ or as a Senior Computer Operator + exp. With computer scheduling and equipment maintenance and operation. Clerical test and PAT.	\$3,145
IT Support Analyst	Bachelor's degree + 3 yr. exp. or 7 yr.' combination of education and exp.	\$4,082	Network Specialist	HS Diploma + 5-10 yr. exp. in telecom + knowledge of network equipment. Lead Operator exp. Preferred. Clerical test and Programmer Aptitude Test (PAT).	\$3,682
Information Technology Support Technician	Bachelor's degree or combination of education and exp.	\$3,910	Micro-computer Coordinator	HS Diploma + computer training + 1 yr. Exp. in PC training, installation, and development. Familiarity with word processing and spreadsheet programs, database design and development, LAN installation, administration and maintenance of office automation programs. TABE.	\$3,145

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Telecommuni- cations System Technician	HS Diploma + 2 yr. exp. or equivalent combination of education and exp.	\$3,446	ALERT II Administrator	HS Diploma + 3 yr. exp. As an ALERT II Coordinator +strong communication and organizational skills + familiarity with NCIC rules and requirements + MO driver's license.	\$3,682
			ALERT II Coordinator	HS Diploma + exp. With computer systems + exp. In customer service, training, and development. KCPD mainframe computer exp. Preferred. HPP and TABE tests.	\$3,145
			Database Analyst	HS Diploma + database training + 3-5 yr. Exp. In programming. Clerical test and PAT.	\$4,662

Sources: Computer Services Unit and ITD job descriptions.

Exhibit 5. Minimum Qualifications for Accounting and Payroll Positions and Midpoints of Pay Ranges

Kansas City			Police Department		
Position	Minimum Qualifications	Pay Range Midpoint	Position	Minimum Qualifications	Pay Range Midpoint
Analyst III	College graduation; 4 years experience including 2 years at the analyst level; or a master's degree and 3 years' experience, including 2 years at the analyst level.	\$ 4,538	Accounting Administrator	High School diploma, prefer college courses in accounting or related field. Minimum 3 years' experience in accounting.	\$ 3,403
Accountant III	College graduate 5 years experience in accounting. Including 2 years at Accountant II level and 1 year of supervisory experience.	\$4,082	Accounting Assistant	high school diploma and 12 – 15 hours of college accounting courses or 2 years' experience in accounting or bookkeeping.	\$2,907
Accountant II	college graduation 2 year experience in accounting.	\$3,156			
Accountant I	4-year college graduation or an equivalent combination of education and experience.	\$2,613			
Accounting Clerk III	Senior high school graduation, including or supplemented by courses in bookkeeping or accounting; 3 years experience in bookkeeping and related clerical work, including 1 year at the level of Accounting Clerk II.	\$2,171			

Sources: Job Descriptions and Pay Ranges.

Exhibit 6. Minimum Qualifications for Purchasing Positions and Midpoints of Pay Ranges

Kansas City			Police Department		
Position	Minimum Qualifications	Pay Range Midpoint	Position	Minimum Qualifications	Pay Range Midpoint
Purchasing agent	College graduation; 5 year experience, including 3 years at the buyer II level.	\$ 5,313	Supervisor, purchasing	Major course work in purchasing, business administration, management, or a related field 3 years of experience 3 years of supervisory experience.	\$ 4,310
Assistant purchasing agent	college graduation 4 years experience.	\$4,082			
Buyer II	high school graduation 6 years experience, including 4 years at buyer I level; or college education 2 years experience at buyer I level.	\$3,156	Purchasing agent	high school diploma 2 years of experience.	\$3,403

Sources: Job Descriptions and Pay Ranges

Exhibit 7. Minimum Qualifications for Building Maintenance Positions and Midpoints of Pay Ranges

Kansas City			Police Department		
Position	Minimum Qualifications	Pay Ranges Midpoint	Position	Minimum Qualifications	Pay Range Midpoint
Building Manager	High School diploma, college courses (preferred). 5 years' supervisory experience.	\$4,538	Facilities Manager	High School diploma, college degree (preferred) 2 years' supervisory.	\$4,662
Maintenance Superintendent	High school diploma, 6 years experience including 3 years supervisory exp.	\$4,082	Assistant Manager	High School diploma, course work in building maintenance (preferred), 2 years' supervisory exp.	\$3,145
Maintenance Supervisor	High School diploma, 5 years experience including 1 year at a Maintenance Mechanic level.	\$3,446	Maintenance Custodian Crew Leader	High School diploma 2 years experience.	\$2,483
Maintenance Electrician	High School diploma 3 months exp.	\$2,613			
Security Officer I	High School 1 year exp.	\$1,919	Security Guard	High School and experience Driver's license.	\$1,961
Maintenance Mechanic	High school diploma 4 years exp.	\$2,378			
			Maintenance Custodian II	High School Driver's license.	\$2,121
Building Maintenance Worker I	6th grade 6 months experience.	\$1,919	Maintenance Custodian I	Experience in custodial work (preferred).	\$1,961
Carpenter	High school diploma 3 months exp.	\$2,378	Carpenter	High School 4 years exp.	\$2,483
Painter I	High School diploma 3 months exp.	\$2,378	Painter	High School 3 years exp.	\$2,687
General Supervisor	High school diploma 3 years experience including 1 year at a Labor Leader level.	\$2,878			

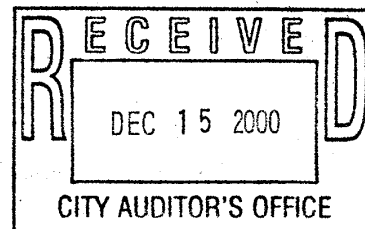
Sources: Job Descriptions and Pay Ranges.

Appendix B

City Manager's Response



Office of the City Manager



DATE: December 14, 2000

TO: Mark Funkhouser, City Auditor

FROM: Robert L. Collins, City Manager

SUBJECT: Response for Draft Report on Consolidating City and Police Support Services

As you are aware, the City is currently reviewing our Information Technology (IT) functions. The META Group has been working with IT and will issue its report by the end of the month. As part of this discussion we are working with the Police Department and their consultant to fully understand our IT needs. In addition we are working with the Police Department to determine the opportunities for consolidation.

At this time I am withholding comment on your audit and its findings until the Police Chief and I are able to review the appropriate reports and we will comment jointly as soon as possible.

Robert L. Collins

RLC:emm

Appendix C

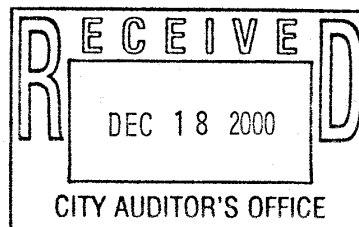
Police Chief's Response

Police

KC/MO

Headquarters Building
1125 Locust Street
Kansas City, Missouri 64106
(816) 234-5000

Richard D. Easley
Chief of Police



DATE: December 8, 2000

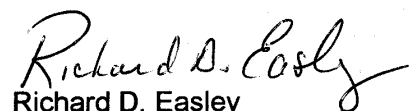
TO: Mark Funkhouser, City Auditor

FROM: Richard D. Easley, Chief of Police

SUBJECT: Response to: Draft Audit Report, Performance Audit
Consolidating City and Police Support Services

After review of the above draft report, it is the opinion of the staff of the Information Services Division, with which I concur, that any and all responses made by the Kansas City Police Department to these recommendations be held pending the completion and review of the various consultants' reports on Information Technology capabilities. It is my understanding that the reports from the Police Executive Research Forum, the Gartner Group, and the Convergent Group are to be concluded during the first quarter of 2001.

Please advise me if I can be of assistance to you in any other matters of mutual concern until the above reports are issued.


Richard D. Easley
Chief of Police